



May 12, 2004

CHAIR
CHARLES V. SMITH
Supervisor
First District

VICE CHAIR
SUSAN WILSON
Representative of
General Public

RANDAL J. BRESSETTE
Councilmember
City of Laguna Hills

BILL CAMPBELL
Supervisor
Third District

PETER HERZOG
Councilmember
City of Lake Forest

ARLENE SCHAFFER
Director
Costa Mesa
Sanitary District

JOHN B. WITHERS
Director
Irvine Ranch Water
District

ALTERNATE
ROBERT BOUER
Councilmember
City of Laguna Woods

ALTERNATE
RHONDA MCCUNE
Representative of
General Public

ALTERNATE
JAMES W. SILVA
Supervisor
Second District

ALTERNATE
CHARLEY WILSON
Director
Santa Margarita
Water District

BOB ALDRICH
Acting Executive Officer

TO: Local Agency Formation Commission

FROM: Acting Executive Officer
Policy Analyst

SUBJECT: Bi-monthly Update on the Costa Mesa/Newport Beach
Islands Annexations

At the May 14, 2003 hearing, your Commission directed staff to provide a bi-monthly update on the status of the Costa Mesa/Newport Beach Islands Annexations. The following report provides your Commission with a recap of the progress related to the pending applications and the current status of the proposed annexations:

BACKGROUND

Over the past two years, the Cities of Costa Mesa and Newport Beach have engaged in dialogue regarding the annexation of "Area 7," which includes the western portion of Santa Ana Heights (WSAH), the Santa Ana Country Club, and the residential/commercial area south of Mesa Drive. Because WSAH is located within a redevelopment project area, the City of Newport Beach has also participated in discussions with the County of Orange regarding potential transfer of the redevelopment project area from the County to the City. Because of the uncertainty of the takeaway of redevelopment agency funds by the state at this time, the City of Newport Beach has indicated that the County/City discussions have not been a priority. As well, because the redevelopment project area includes John Wayne Airport, the negotiations between the County of Orange and City of Newport Beach are complex; thus, requiring more time than originally anticipated.

Recent Actions Taken by the City of Newport Beach

- Ongoing discussions with the City of Costa Mesa regarding potential annexation of unincorporated areas located within the City of Costa Mesa sphere of influence

Actions Taken by the City of Newport Beach (continued)

- Ongoing discussions and negotiations with the County of Orange regarding potential transfer of two redevelopment project areas from the County of Orange to the City of Newport Beach
- Continuous discussions with residents from the West Santa Ana Heights and south of Mesa Drive areas to keep them informed of potential annexation(s)
- On January 27, 2004, the City Council of Newport Beach adopted pre-zoning for West Santa Ana Heights, Santa Ana Country Club, residential and commercial area south of Mesa Drive and two small residential areas south of University Drive.
- Annexation application may be considered by City Council of Newport Beach in May/June 2004.

Recent Actions Taken by City of Costa Mesa

- Ongoing discussions with the City of Newport Beach regarding potential annexation of unincorporated areas located within the Costa Mesa's sphere of influence
- In November 2003, Mayor Monahan of Costa Mesa wrote a letter to the City of Newport Beach expressing opposition to any effort by Newport Beach to annex the Santa Ana Country Club and the area south of Mesa Drive
- In February 2004, the City Council of Costa Mesa adopted a resolution reaffirming the City's support for annexing unincorporated areas located within their sphere of influence; thereby, again, opposing any efforts by the City of Newport Beach to annex the Santa Ana Country Club and the area south of Mesa Drive

STAFF RECOMMENDATIONS

Because of the complexities involved regarding the potential annexation of "Area 7," the progress of the discussions and negotiations involving the Cities of Costa Mesa and Newport Beach and the County of Orange have been impacted and in some cases delayed; therefore, staff is recommending that the bi-monthly updates to the Commission be postponed until substantial progress has been made regarding the potential annexation of "Area 7."

Staff recommends that the Commission:

1. Receive and file the Bi-monthly Update on the Costa Mesa/Newport Beach Islands Annexations.
2. Direct staff to report back to the Commission when substantial progress has been made regarding the potential annexation of "Area 7."

Respectfully,

BOB ALDRICH

CAROLYN L. THOMAS